

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of:)	
)	
Review of the Section 251 Unbundling)	
Obligations of Incumbent Local Exchange)	CC Docket No. 01-338
Carriers)	
)	
Implementation of the Local Competition)	
Provisions of the Telecommunications Act of)	CC Docket No. 96-98
1996)	
)	
Deployment of Wireline Services Offering)	CC Docket No. 98-147
Advanced Telecommunications Capability)	

AFFIDAVIT OF ROBERT E. PICKENS

1. I, Robert E. Pickens, certify that the following is my true testimony. I am the Executive Vice President of Marketing for Eschelon Telecom, Inc. (“Eschelon”).
2. In addition to my marketing position at Eschelon, I have also served as General Manager of Local Services and Operations for Frontier Corp and as Marketing Manager and Marketing Director for Enhanced TeleManagement, Inc.
3. Eschelon was founded in 1996. In 2001, Eschelon had approximately \$100 million in revenues. Eschelon has raised \$126 million in equity and \$151 million in debt and has invested over \$115 million in telecommunications facilities. The company offers a comprehensive line of integrated telecommunications products ranging from telephone systems to advanced voice and high-speed Internet services. Eschelon employs more than 900 telecommunications/Internet professionals and currently provides services in Arizona, Colorado, Minnesota, Nevada, Oregon, Utah and Washington.

4. Eschelon owns and operates six voice and seven data switches and has 101 collocations. Eschelon provides network services to its customers in three ways: first, Eschelon leases UNE-loops from Qwest in six of its states, and from Verizon in one state, connects the loops to our collocated equipment, and then leases ILEC transport to an Eschelon switch; second, Eschelon purchases a UNE platform product from Qwest; and third, Eschelon resells Nevada Bell services.
5. Eschelon primarily serves small business customers in core and non-core urban and suburban settings. Eschelon serves approximately 30,000 business customers and provides them about 125,000 access lines, giving an average access line per customer of just over four lines.
6. For the most part, Eschelon's customers are geographically dispersed and located in small buildings, not in large downtown skyscrapers. Over a third of Eschelon's customers take service at multiple physical locations, often one or more of these locations is in Eschelon's "off-net" territory—territory not served by an Eschelon collocation.
7. Eschelon invests in collocations in wire centers where there are a sufficient number of small business customers to provide Eschelon with a reasonable opportunity of earning a return on the investment once we develop the customer base. Customers in other wire centers must be served using an "off-net" product. Without an "off-net" product to serve multi-location customers, Eschelon would not find it profitable to build as many collocations because it would not be able to sell to many of these customers.

8. Eschelon has invested in switching facilities and collocations to serve all of its markets, except the Reno, Nevada market. In Reno, Eschelon has signed a lease for space in a building to install switching equipment. However, because of unfavorable conditions in the capital markets, we have postponed investment in switching and collocation equipment and facilities until conditions improve.
9. In Reno, Eschelon resells Nevada Bell services that we purchase at a wholesale discount. Our long-term business plan is to convert these resale lines to unbundled loops that would be served by our switch. With the postponement of our investment in switching, we have explored converting our lines to UNE-P. However, Nevada Bell's charges for conversion and their unwillingness to develop a mass conversion plan have thwarted our efforts.
10. Resale is not a viable long run strategy because the discount off retail is too small to cover sales, provisioning, billing, customer service and repair expense, and general and administrative expenses. There is no adequate alternative to the using UNE combinations, including ILEC switching in Eschelon's "off-net" territory. In addition to offering lower, more economically competitive costs, UNE-P also provides a CLEC with access revenues.
11. Eschelon is able to serve many of its multi-location "on-net" customers because it has an "off-net" UNE platform product to provide them in their other locations. Today, roughly fifty percent of Eschelon's access lines are provided by a UNE platform product. Without access to a UNE platform product, Eschelon would probably go out of business. The percentage of our customers served by UNE platform will drop dramatically over the next five to ten years as Eschelon further

builds out its collocations and as it converts UNE platform customers to customers reached by UNE loops and served by our switches and collocations. However, although in the long run, Eschelon will not be as dependent upon UNE platform products as it is today, it will always require an “off-net” product.

12. Being able to provide services “off-net” as well as “on-net” permits Eschelon to realize economies of scale in its marketing, advertising, and sales efforts. For example, the most effective forms of advertising such as billboards, newspapers and magazines are not wire center specific. The availability of a UNE platform product allows Eschelon to serve customers in a wider area, increasing the efficiency of our advertising efforts.
13. Small businesses have much higher mortality rates than large businesses and move more often. I know of no carrier who has made a successful business of constructing loop plant to serve small businesses. Given that CLECs have small market shares, it is unlikely that the new occupant of an office served by that CLEC’s own loop would also take that CLEC’s service. If the ILEC provides service to the new occupant, it will use its own loop. If another CLEC provides service, the CLEC will also use ILEC facilities because ILECs provide both retail and wholesale loops.
14. Eschelon needs and uses UNEs to provide broadband services. There is a positive association between the use of UNEs and broadband development. In order to compete with carriers such as Eschelon that provide broadband through the use of UNEs, ILECs must provide broadband as well. In Qwest territory, which is the territory where Eschelon provides most of its service, areas where competitors are

not using UNEs are generally also areas where broadband is not available from the ILEC. Clearly, competitors use of UNEs is helping the development of broadband.

15. Eschelon's business success depends upon the continued availability of UNEs, including UNE loops, transport, switching, and UNE-P.

FURTHER AFFIANT SAYETH NOT.

Dated this 4th day of April, 2002.

/s/ Robert E. Pickens
Robert E. Pickens

Subscribed and sworn to before me
this 4th day of April, 2002.

/s/ Tobe L. Goldberg
Notary Public
My Commission Expires: January 31, 2005